

CALL NO.  
CA1  
MI 800  
-82S027

GOVT



**Employment and  
Immigration Canada**

**Emploi et  
Immigration Canada**

**John Roberts, Minister**

**John Roberts, Ministre**

**Background Paper 27**

**WORKSHARING, JOBSHARING AND  
SKILL DEVELOPMENT LEAVE**

**Gerald S. Swartz**

# **Skill Development Leave Task Force**

**Background  
Paper**

**Canada**









**Employment and  
Immigration Canada**

**Emploi et  
Immigration Canada**

**John Roberts, Minister**

**John Roberts, Ministre**

CAI  
MI 800  
-825027

Background Paper 27

**WORKSHARING, JOBSHARING AND  
SKILL DEVELOPMENT LEAVE**

Gerald S. Swartz

# **Skill Development Leave Task Force**

**Background  
Paper**

**Canada**





CAI  
MI 80  
82507

(1)

1. INTRODUCTION

There has been considerable discussion in Canada  
on the future of work with the remainder of this  
century. Will we all be working for fewer hours?

**Background Paper 27**

**WORKSHARING, JOBSHARING AND  
SKILL DEVELOPMENT LEAVE**

**Gerald S. Swartz**

**Canadian Loric Consultants Ltd**

**May 1983**

This is one in a series of background papers  
prepared for the Task Force on Skill  
Development Leave. The opinions expressed are  
those of the author(s) and do not necessarily  
reflect the views of the Task Force or the  
Department of Employment and Immigration.



Digitized by the Internet Archive  
in 2023 with funding from  
University of Toronto



<https://archive.org/details/31761116378464>

## I. INTRODUCTION

There has been considerable discussion in Canada on the future of work over the remainder of this century. Will we all be working far fewer hours? Will there be insufficient work to go around even with reduced hours so that many Canadians will be unemployed? Will prosperity accompanied by relatively full employment return? These and related questions are answerable but the answer one produces depends on the assumptions taken. Yet in all three of the above cases there may be room for skill development leave in association with either worksharing or with jobsharing.

If, as in the first case, people will be working far shorter hours and it is assumed that the reduction is voluntary - that people choose to work less because they do not have to work as much - the opportunities for jobsharing should increase.

In the second case, the involuntary reduction of hours in response to a reduced demand for labour, worksharing may be a way of spreading around available



work and minimizing the impact of unemployment upon a narrower segment of the labour force. This could include a widespread and possibly continuous change in work patterns from the current pattern to more part-time work (as it is currently defined) of less than 30 hours per week. Because worksharing can be utilized by people, working anywhere in an organization and need not be limited to a specific job or set of jobs, it can include part-time workers if it is brought in as a response to insufficient demand for labour. That differs from current practice where part-timers are generally employed because of demand for their type and hours of work rather than as a way of sharing work as an alternative to unemployment. It should be noted that this second case is a logical extension of what might occur in the labour market in response to scenarios like that suggested by the Canadian futurist John Kettle and by the as yet unreleased internal document prepared for Economic Development Minister Donald Johnston. The latter paper in particular paints a bleak picture about unemployment, suggesting



that by 1991 up to two million Canadian jobs will be lost as a result of structural and technological change.

Advocates of the third or prosperity case suggest that we will prosper in new fields like micro-electronics, and see a boom in traditional areas of high demand for labour such as housing, natural resources, and services. There may still be a desire on the part of some people to work less than full time. This could come from such things as a desire to increase skills and employability, to work less in preparation for retirement, to obtain and perform some rewarding work, or to work in order to earn more income (for workers of any age, including those past 65 years of age).

The purpose of this paper is not to forecast the likelihood of these or other cases occurring. Rather, it is to examine whether there may be opportunities to bring in programs to encourage skill development leave in association with worksharing or jobsharing.

Skill development is a means for helping prepare people for entry into the labour market. More important, however, it is part of the process of adjustment to changes in technology, in labour demand, or in the nature of a given job in a given workplace. The need for skill development will always exist in the labour market unless the supply of labour perfectly matches the demand for job specific skills. Even if our education and training programs had the latter as their target, imbalances would still exist and adjustment would still be necessary. Indeed, even if the high tech job threat does not materialize we will still see major structural changes. These structural changes may have been accelerated by the GATT negotiations but were well underway prior to the tariff reductions. The changes which occurred in the clothing, textile, and longshoring industries had begun before the GATT changes. In retrospect some of the efforts to facilitate labour market adjustment in those and other industries may have been more successful had they included skill development leave.



These adjustments need not all have been in response to downsizing plants and labour force. In some cases the Canadian producers may have been able to respond to design and material changes more effectively had they been able to retain people already in their employ. The banking industry, government, and the telecommunications industry have all been experiencing growing employment. Their failure to use skill development leave to any noticeable degree is a reflection of their ability to meet their skill requirements from the general labour market. Canadian employers have traditionally relied on the training, education and immigration systems to fill their need for more labour.

In the current economic climate it is doubtful that employers would be anxious to implement programs of skill development leave either in association with worksharing or jobsharing. It should be noted that the general view in Canada is that unemployment will remain high (at slightly below) current rates for at least the next two to three years. If skill develop-

ment leave will increase employers' costs and not help improve the balance sheets, employers will not be interested. Compulsion - making skill development leave a requirement instead of another compulsory program such as in payroll tax-credit or mandatory severance pay - may cause employers to choose skill development leave as the least of these evils. But none of these compulsory measures have the support of the employers.



## II WORKSHARING AND SKILL DEVELOPMENT LEAVE

The concept of worksharing - two or more people sharing the available hours of employment as an alternative to layoffs - by definition is involuntary on the part of labour. The choice facing employees - work less or have some people work not at all is too limited to be viewed as an open, voluntary selection.

Worksharing as it is now practised under the Canada Employment and Immigration program has advantages for both employer and employees. For employers it cuts cash outflow through a reduced total wage bill while maintaining the skills and experience of their work force. For employees, when combined with unemployment insurance payments during the time off work, net incomes are higher than they would be if on unemployment insurance full time and there is still (hopefully) a full time job to return to at some stage in the future. However, the program is designed to allow people to return to their jobs, not to prepare them for phasing out of their jobs.

If worksharing and skill development leave are

to be combined, the ideal way would be through bringing in training and job search to help facilitate adjustment to new or changed jobs for the same employer or to other jobs for a different employer. The work-sharing program as it now exists really amounts to a skill retention leave program subsidized by unemployment insurance funds. There is no skill development component inherent in the program. Any skill development which does take place is coincidental to the program.

Another problem with the current Employment and Immigration Worksharing program as it may relate to skill development leave is the attitude of employers. They consider the leave period to be the time during which the employee is not at work and is in receipt of unemployment insurance payments. This attitude was confirmed in discussions with eleven companies regarding their experience with the program. These companies were not selected on a random basis. They are companies the author has dealt with regarding worksharing. Their view is an indication of how



employers generally feel. It is identical to the view expressed by employers questioned by the author during the conduct of research for the Commission of Inquiry Into Part-Time Work. These employers, whether or not they utilized the federal worksharing program considered the leave period to be the time on unemployment insurance.

What this means is that if employers are to be asked to permit leave from work in addition to that already available through the current worksharing program as they understand it, the employers would only be willing to do so at no cost to themselves. They see little or no benefit to more leave unless they are under continuing economic pressure and are using increased leave as an alternative to work force reductions. In short, the potential exists for worksharing to facilitate the transition to a permanently smaller workforce. Furthermore, as pointed out by Frank Reid,

"by postponing layoffs worksharing enables much of the actual workforce reduction to be accomplished more efficiently and more equitably by attrition". (1)

- (1) Frank Reid: Conceptual Issues in the Evaluation of Worksharing in Canada (paper prepared for Employment and Immigration Canada, February 1983) p.1.

While Reid is correct about the above aspect of the potential for worksharing, his emphasis on attrition to solve downsizing needs of employers may be overstated. Attrition seems to be reduced during periods when employment is difficult to obtain. Hence the use of worksharing as an alternative to layoffs using attrition as the means to facilitate transition may be a very lengthy and expensive process.

Worksharing is now being used along with retraining to facilitate transition in a number of cases. Canadian examples include training workers in the machining trades to take on new jobs utilizing Computer Assisted Design/Computer Assisted Manufacturing equipment. General Motors has undertaken such training particularly for CAD personnel. However, in such cases it is still questionable whether the training is undertaken to facilitate transition of existing workers or because no better trained workers are available through the labour market. In the United States, social service Ph.D.s have been hired by computer companies and given a combination of worksharing (to



experience them with the job and the company) and training (to develop their knowledge and skills in programming, computing, sales). Secondary school teachers are worksharing to free up some teachers of history and English to take programs to qualify them to teach mathematics and science. This latter form of worksharing and skill development leave can even encompass the spreading of four year's salary over five years if the fifth year is used for skill development in order to avoid layoff.





### III JOB SHARING AND SKILL DEVELOPMENT LEAVE

The choice to jobshare is voluntary and is not in response to an alternative of forced layoffs. People jobshare in order to meet other needs for more leisure, more time for family and household responsibilities, the desire to pursue other activities (not necessarily just those which result in income), to gain work experience while still in school or training, as a means to facilitate entry to or exit from the labour market on a less than full-time basis. Jobsharing gets considerable attention from the general public but has not been found to be in widespread usage in the labour market.

Employers are reluctant to permit jobsharing because of the extra demands they feel it imposes upon managers and supervisors and because of the extra costs it might create on the benefit side of the compensation package. In the author's opinion these extra costs need not be substantial and may be more than offset by the potential for higher productivity and lower absenteeism among jobsharers. While solid statistical data to confirm the above are lacking,

nonetheless this attitude has been expressed by employers of jobsharers and by jobsharers alike.

As is the case with worksharing, employers view the time jobsharing employees now spend away from work as the appropriate period for skill development leave. They do not want to see further complications in the workplace due to additional leave time being granted. Note that in jobsharing situations the assumption is that there is demand for the labour rather than a need to reduce hours and employment.

To date, jobsharing seems to be more widespread among professionals and office personnel. They include teachers, nurses, librarians and other professionals and technicians in the health and education fields; as well as secretaries, typists, clerks, and word processor operators. Studies on jobsharing indicate that most jobsharers are women. Worksharing, on the other hand, has been industry rather than occupationally related.

If Employment and Immigration Canada and educational institutions would permit greater flexibility between work and training such that people could work



and still qualify for training assistance, we might see more jobsharing. Working women could use jobsharing to upgrade their skills and enhance their earning potential. But they cannot afford the loss of existing jobs or income to take training. There is little likelihood that women would voluntarily reduce their hours of work by jobsharing in order to take training unless they could afford to do so. Those currently jobsharing and in training or education programs may still be in need of financial assistance but have obviously found some time for skill development. Should they take more time for skill development they would probably be in the category of part-time workers rather than jobsharers.





#### IV FINANCING QUESTIONS

Additional time off (leave) for skill development beyond the non-work time now available to people either worksharing or jobsharing imposes additional burdens on the employer. This view is held by employers even if they were only required to pay for the actual hours worked and were allowed to prorate benefits according to the actual hours worked. The Canadian Federation of Independent Business has voiced its opposition to extended leave provisions because of the limited ability of the small business to adapt to changing hours of work. For government to convince employers, particularly small employers, that skill development leave is beneficial; it will have to demonstrate that this will not increase employers' costs.

Development of a mechanism to monitor and to pay for such increased costs may be a way for the government to get greater employer approval but is largely self-defeating. It could be taken as an admission on government's part that it had to assume all responsibil-

ity for skill development. If employers could pass along all of their costs associated with skill development leave, employees would be quick to demand the same opportunity. The current worksharing program at least defines the maximum potential cost to the government. The current mix of training programs sponsored by the federal government also clearly defines the extent to which financial support to individuals and institutional costs are borne by the government. Skill development programs should not simply transfer a share of the costs from employers and employees to government.

While aggregate unemployment remains high and companies are reducing employment or undergoing substantial change, the public sector costs remain high whether the labour adjustments are facilitated through training (skill development leave) and work-sharing or through unemployment insurance payments and layoffs. In the first case, the training expenditures would be in lieu of unemployment insurance expenditures but would have to include the same level

of income to the employees to be attractive to them. The total cost to government of the training plus income maintenance (training allowances) would exceed the direct cost to government of unemployment insurance plus layoffs. The indirect or social costs of the unemployment insurance/layoff approach are, in the author's view, higher than the training/income maintenance costs where the latter do facilitate adjustment to new jobs. If aggregate demand is so low that little adjustment is possible (the second of the cases presented earlier) reduced hours may be the only answer. However, until there are undeniable signs that there will not be enough work and that the skill development processes will not enable more people to obtain work, the author cautions against the negative view. Rather, the development of human capital can enable Canadian industry to make the necessary adjustments and to remain competitive.

Regarding jobsharing, it must be re-emphasized that it is in its infancy in Canada. Those jobsharers who now feel they do not have the time to engage in



skill development in their off work hours will probably find it difficult to do so even if they received leave from their work. If they were working full time they would be more interested in jobsharing and skill development leave. This situation can be valuable in facilitating adjustment to technological change in the work place. But to be attractive to government and to employees it would have to be connected with post-training opportunities to work full time. To be attractive to the given employer it would have to be in association with full-time work responsibilities in that given place of employment. Jobsharing and skill development leave are not seen as an alternative to downsizing in the level of employment. It can apply if changes are needed in the skill mix of a work force. But the employers have a role in maintaining the level and skill mix of employees. As long as they can increase their profitability by developing their human resources they have a responsibility to do so.

What does this all mean? There may be a role for government to aid in facilitating adjustment

to technological change and market demand through combining skill development with worksharing or jobsharing. The mechanisms for skill development exist in institutional and on-the-job-training programs but these often contain financial restrictions. Before wholesale changes are made, particularly to the financing of the in-classroom programs, government should determine whether it prefers to assist in developing particular skills; in facilitating adjustment in particular industries; or in promoting skill development in certain regions. The questions of industrial strategy and of supporting winners or losers should also be very important in the formulation of policy for skill development leave.





THIS BACKGROUND PAPER IS AVAILABLE FOR  
REFERENCE AT CANADIAN RESEARCH LIBRARIES IN BOTH  
OFFICIAL LANGUAGES.

THE REPORT OF THE SKILL DEVELOPMENT LEAVE TASK  
FORCE, "LEARNING A LIVING IN CANADA", IS  
GENERALLY DISTRIBUTED. TO RECEIVE COPIES OF THE  
REPORT, CONTACT:

Enquiries and Distribution  
Public Affairs  
Employment and Immigration Commission  
140 Promenades du Portage  
Hull, Québec  
K1A 0J9  
(819) 994-6313













